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## Abstract

We examined how perceived distributive and procedural justice affected the relationship between an employee's identification as a high potential (drawn from archival data), job satisfaction, and work effort. A questionnaire was distributed within one large company among employees who were and employees who were not identified as a high potential (N=203). The results indicated that perceptions of distributive justice were significantly higher for employees identified as a high potential. Moreover, perceived distributive justice fully mediated the relationship between an employee's identification and his or her level of job satisfaction. The results also revealed that perceptions of procedural justice moderated the relationship between perceived distributive justice and work effort. Theoretical and practical consequences of these findings are discussed.

Talent management has emerged as the solution to current challenges in human resources (HR) and as the key to organizational efficiency (e.g., Collings and Mellahi, 2009). In line with this reasoning, the few studies that have tested the impact of talent management have mainly focused on outcomes at the macro level (Bethke-Langenegger *et al.*, 2011). Yet, talent management practices not only affect macro-outcomes, but also more proximal ones, such as employee attitudes and behaviors. This is because they primarily target the highly valuable and unique employees (i.e., high potentials) as they are assumed to generate the greatest return on investment (Lepak and Snell, 1999). The result is that talent management positively affects the reactions by this selective group of high potentials (Huselid and Becker, 2011), while there may be no or even a negative impact among the people that are excluded from the talent management practices (i.e., non-high potentials). Together, these conflicting effects at the employee level may even cause talent management to have a negative overall effect (Marescaux *et al.,* 2013). For this reason, several researchers (e.g., Becker *et al.,* 2009; Gelens *et al.*, 2013) have suggested that studying the effects of talent management at the micro level is necessary.

In the present paper, we will contribute to the research on talent management by examining the influence of high potential identification on job satisfaction and work effort. Moreover, to understand why talent management practices may have different effects on high potentials and non-high potentials, we will explore the psychological processes that are involved in shaping these employee reactions. As *implemented* talent management practices (i.e., being identified as a high potential or not) may markedly differ from how these practices are *perceived* by employees (Wright and Nishii, 2013) and because it is known that the perception of HR practices, rather than the practices themselves, are responsible for employee reactions (Boxall and Macky, 2009), we will focus on both actual and perceived practices. Regarding the latter, the theory of perceived organizational justice (e.g., Greenberg, 1990)

will be used to better understand how employees' differential responses to talent management are formed.

Overall, we make three main contributions. First, the few empirical studies that have looked into the impact of talent management have only focused on outcomes at the macro level, while we argue that these practices have an impact at the micro level as well. Our first contribution is therefore to compare the differential reactions by high and non-high potentials. Second, the few studies that did examine differential reactions, predicated their results upon employees' own perceptions of being identified as a high potential (or not) (e.g., Björkman *et al.*, 2013). This procedure does not only increase the risk that the findings are affected by common method variance; such a design is also inappropriate to study the effects of the actual, implemented differentiation between employees. To address this limitation, we will use archival data to operationalize an employee's identification as a high potential. Third, to provide practical guidelines for HR practitioners in implementing talent management practices, we need to understand the reasons behind the differential reactions of employees. Therefore, we will examine the underlying psychological processes that are involved in shaping the employees' differential reactions.

## Literature Review and Hypothesis Development

Although talent management is a hot topic among HR practitioners, there is a lot of scholarly debate about the term itself (e.g., Collings and Mellahi, 2009; Dries, 2013). In an attempt to reconcile the different conceptualizations found throughout the literature, Iles *et al.* (2009) distinguished four perspectives on talent management: first, an inclusive, people-focused perspective that departs from the assumption that all employees have the potential to demonstrate talent; second, an exclusive, people-focused perspective in which employees are differentiated according to their added value to the organization; third, an exclusive, position-focused perspective in which people are differentiated according to the strategic importance

of their positions; and fourth, a social capital perspective that - as a reaction to the dominant focus on talents-as-individuals - stresses the importance of considering the impact of the work context (e.g., teams, leadership) when identifying high potentials.

In recent years, strategic human resource management (SHRM) has been moving away from standardized practices that are consistent across all employees, towards a differential management of employees (Becker and Huselid, 2006). Both the inclusive and the exclusive approach to talent management manage employees differentially. However, whereas the inclusive approach provides customized approaches for all employees, depending on their talents or needs, the exclusive approach carries out a workforce differentiation and mainly invests in a selective group of high potentials. The underlying rationale of the practice of workforce differentiation is that it is believed that organizations suffer unnecessary high costs when they invest equally in all employees (Becker and Huselid, 1998). As a result, the scarce HR-related resources of an organization should be invested first and foremost in the attraction, selection, development, and retention of high potentials, as they generate higher productivity, and consequently, higher returns than non-high potentials (Lepak and Snell, 1999; Collings and Mellahi, 2009; Morton, 2005).

In the present paper, we study the repercussions of workforce differentiation for employees. Therefore, we focus specifically on the exclusive perspective to talent management in which employees are identified as high potentials (or not) according to their estimated added value to the organization. *Workforce differentiation* refers to the investment of disproportionate resources where one expects disproportionate returns, in those specific jobs and those specific people within jobs that help create strategic success (Becker *et al.*, 2009; Ledford and Kochanski, 2004). The practice of workforce differentiation is based on the resource-based view of the organization that states that valuable, unique, and difficult-to-imitate resources are key to long-term high performance and competitive advantage (e.g.,

Barney, 1991; Wright *et al.*, 1995). As such, organizational efficiency is believed to increase when different groups of employees are identified, based on value and uniqueness, and managed according to different employment modes (Lepak and Snell, 1999).

**The Impact of an Employee's (Non-)Identification as a High Potential on Job Satisfaction and Work Effort**

At the organizational level, agreement seems to exist about workforce differentiation's positive impact (Becker and Huselid, 2006). Yet, empirical research on employee reactions to workforce differentiation is rare (Becker *et al.*, 2009). The few studies that have addressed this issue found beneficial effects among the group that benefits from the workforce differentiation (i.e., high potentials). In this regard, Björkman *et al.* (2013) compared employees who thought they were identified as high potentials with employees who assumed they were not and employees who did not know. Relatively speaking, the self-perceived high potentials had, for instance, lower turnover intentions and were more committed to build competences. Furthermore, Marescaux *et al.* (2013) found that workforce differentiation can also lead to negative effects. Employees who experienced a less favorable treatment than others had a lower affective commitment compared to those who experienced an equal or a more favorable treatment. This is in line with studies on employees' reactions to performance appraisals, promotions, or feedback, where a positive relationship between the favorability of one's outcome (i.e., receiving a positive appraisal or feedback message, getting a promotion) and employee reactions is repeatedly found (e.g., Brown *et al.,* 2010; Schinkel, *et al.*, 2004; Webster and Beehr, 2012).

These findings can be understood from Social Exchange Theory (Blau, 1964), which suggests that employees negotiate exchanges with the organization in which actions of one party evoke reciprocation by the other. Applied to talent management, such a social exchange process would imply that, when the organization invests in the employment relationship by

for example identifying the employee as a high potential, employees will feel obligated to reciprocate with beneficial attitudes and behaviors (Kuvaas and Dysvik, 2010). Conversely, employees who are not identified (i.e., non-high potentials) may reciprocate with lowering their attitudes and behaviors because they experience that their organization violates the exchange relationship (Turnley and Feldman, 2000).

To test this argumentation, we have chosen to focus on two distinct, yet complementary employee outcomes, namely, job satisfaction and work effort. Whereas job satisfaction is an attitudinal outcome related to employee well-being (Weiss, 2002), work effort is the amount of energy put in a task per unit of time and is, therefore, closer to observed behavior (Naylor *et al.*, 1980; Ilgen and Klein, 1989; Hofmans *et al.*, 2013). Building on social exchange theory (Blau, 1964), we expect that high potentials will experience more job satisfaction and display more work effort than non-high potentials.

*Hypothesis 1: Employees identified as a high potential report higher job satisfaction than employees not identified as a high potential.*

*Hypothesis 2: Employees identified as a high potential report higher work effort than employees not identified as a high potential.*

**The Role of Perceived Organizational Justice in Shaping Employees' Job Satisfaction and Work Effort**

Although there are initial indications that high and non-high potentials differ in their reactions to (non-)identification, our understanding of the psychological processes that lead to these differential reactions is still very limited at best. At this point, it is important to note that, in the Social Exchange framework, estimating employees' contributions and matching the

appropriate reciprocations by the organization is not straightforward because every employee has his or her own perceptions of his or her contributions and of the appropriate reciprocation (Masterson, et al., 2000). Thus, if we really want to understand how employees' differential responses to workforce differentiation are formed, it is important to study employees' perceptions of workforce differentiation (Huselid and Becker, 2011).

At this point, we expect that perceived organizational justice (Greenberg, 1990) plays a key role in shaping employees' reactions to workforce differentiation practices. In particular, employees may evaluate the fairness or justice of their own identification or non-identification as a high potential by (1) comparing it to their own estimation of their contributions, and (2) evaluating whether the procedures that were used to differentiate between employees were fair. These subjective evaluations map onto two types of perceived organizational justice, that is, perceived distributive justice and perceived procedural justice (Greenberg, 1990). We argue that both types of justice perceptions play an important role in the relationship between an employee's (non-)identification as a high potential and employee outcomes, such as job satisfaction and work effort. Furthermore, meta-analyses and studies on performance appraisals have repeatedly pointed out the key role of perceived organizational justice – with talent management typically drawing on and being part of the organization's overall performance management system – (e.g., Cawley *et al.,* 1998; Kuvaas, 2008; Pichler, 2012; Thurston Jr. and McNall, 2010).

In what follows, we will discuss perceived distributive justice as a mediator in the relationship between an employee's (non-) identification as a high potential and job satisfaction and work effort. Subsequently, it will be argued that fair talent management procedures will lower the impact of perceived distributive justice on employee outcomes (e.g., Thurston Jr. and McNall, 2010), therefore, we will elaborate on the moderating impact of perceived procedural justice by referring to referent cognitions theory and self-interest theory.

**The Mediating Effect of Perceived Distributive Justice**

To understand employees' personal evaluations of workforce differentiation practices, we draw on the concept of perceived distributive justice – i.e., the extent to which an employee feels that the received resources by the organization are in balance with his/her own estimation of his/her contributions (Greenberg, 1990). Building on Social Exchange theory and previous studies that have found a positive relationship between employee performance ratings and perceptions of distributive justice (e.g., Erdogan, 2002), we believe that the identification as a high potential will be linked to higher distributive justice. Moreover, because employees have the tendency to overestimate their contributions (Nilsen and Campbell, 1993), we expect non-high potentials to also anticipate high resources. In line with Social Exchange theory, we hypothesize that these employees, who feel that their contributions are not reciprocated by the organization, will be more inclined to perceive relatively lower distributive justice.

> *Hypothesis 3: Employees identified as a high potential report more favorable perceptions of distributive justice than employees who are not identified as a high potential.*

These perceptions of distributive justice, in turn, shape employee reactions (Cropanzano and Folger, 1991). The reason is that employees alter their contributions, namely, effort and job satisfaction, depending on their perceptions of distributive justice because they want to keep the input and outcomes in balance (i.e., they want the exchange relationship to be fair). Thus, when employees perceive lower outcomes than expected, they may respond by lowering their work effort (Cohen-Charash and Spector, 2001) and job satisfaction. This is in line with previous research that has demonstrated positive relationships between perceived

distributive justice, job satisfaction (McFarlin and Sweeney, 1992), and work performance (Ball *et al.*, 1994), the latter being related to work effort (De Cooman *et al.,* 2009). Consequently, we hypothesize the following:

*Hypothesis 4: Employees identified as a high potential will report more favorable distributive justice perceptions than employees who are not and the high potentials will consequently experience higher job satisfaction.*

*Hypothesis 5: Employees identified as a high potential will report more favorable distributive justice perceptions than employees who are not and the high potentials will consequently show higher work effort.*

**The Moderating Effect of Perceived Procedural Justice**

Apart from the perceived distributive justice of the (non-)identification as a high potential *per se*, the perceived justice of the allocation *process* (i.e., perceived procedural justice) is also hypothesized to influence job satisfaction and work effort. In particular, when non-high potentials perceive the allocation process to be fair, the effects of low distributive justice on job satisfaction and work effort will be smaller than when the process is perceived as unfair (Brockner and Wiesenfeld, 1996; De Cremer *et al.,* 2010). Brockner and Wiesenfeld (1996) explained this moderation effect by drawing on several theories, such as referent cognitions theory and self-interest hypothesis. *Referent cognitions theory* (Folger, 1986) states that, when procedures are perceived as fair, employees will find it more difficult to imagine outcomes that are better than their current outcomes. This makes them less inclined to perceive low distributive justice (Folger *et al.*, 1983) and reciprocate with negative attitudes and behavior (Folger, 1993). According to the *self-interest hypothesis* (Thibault and Walker,

1975) employees want to maximize their outcomes. Unfair procedures are considered arbitrary and unpredictable, which makes employees feel unsure about future outcomes. This uncertainty urges them to rely more on their current outcomes. However, when procedures are consistent (i.e., a procedural justice rule), employees are less affected by negative current outcomes as they expect that their outcomes might become more favorable in the future. Therefore, we hypothesize the following:

*Hypothesis 6: When perceptions of procedural justice are low, perceived distributive justice will have a stronger impact on job satisfaction than when perceptions of procedural justice are high.*

*Hypothesis 7: When perceptions of procedural justice are low, perceived distributive justice will have a stronger impact on work effort than when perceptions of procedural justice are high.*

[Insert Figure 1 About Here]

## Method

### Research Context

Data were collected in a large organization in the financial sector with headquarters in Brussels, Belgium. This organization carries out a European talent management program because it believes that there is a group of employees who have a distinct potential to take on top functions. In their talent management program, the organization identifies two levels of high potentials: junior high potentials (0.7 per cent of the organization's population) and senior high potentials (0.4 per cent). The differences between junior and senior high potentials are that junior high potentials have less work experience and that senior high potentials are already being developed to be the future top management, while junior high potentials show

potential, but are not yet ready to fill in top functions. Junior high potentials are on a fast track to take on managerial positions. We focus on the ramifications of this talent management program, and in particular on the workforce differentiation practices. High potentials receive extra training (e.g., junior high potentials attend a 5 week seminar abroad in the organization's own academy; senior high potentials follow a company MBA), extra mentoring and counseling by talent advisors, they join network events, and are continuously assessed in a talent review process (e.g., how did she or he evolve the past year, are there new opportunities for this person, which competences require coaching, …). Identification of high potentials involves multiple parties. First, HR and immediate supervisors have to reach a consensus about the employees that they propose as high potentials. Second, at the level of the business unit, the organization decides who of the proposed employees will go through an assessment center. Third, the management committee ratifies the final group of high potentials by considering, for instance, the ideal number of potentials for the organizational succession. Selection is based on three main criteria: performance, potential, and job involvement. Performance is assessed through performance appraisals and the judgment of the supervisor. Potential is assessed through assessment centers (high scores on 20 competences, such as being entrepreneurial, developing oneself and using networks) and judgment by the supervisor. Involvement must be demonstrated by the employees themselves as they have to create a personal portfolio in which they exemplify their involvement with the organization.

The organization communicates openly about the talent management program. The two groups of high potentials are informed about their status by the HR department and have knowledge about the process of the program. They meet each other at network events and during training activities; hence, they know about the status of their high potential colleagues. Moreover, HR explicitly explains to the senior and junior high potentials that their status is a signal of trust in their potential, but that it entails high expectations and job demands. The

non-high potentials know that a talent management program exists, that two groups are identified, that there is an annual talent review and that its aim is to coach and develop a select group of employees. They are aware that they are not part of the selected group of high potentials. According to the HR representative non-high potentials informally know who is identified as a high potential, since all training opportunities in the context of the talent management program are announced on the organization's website—with the information that attendance is selective. Employees also notice who attends such trainings or other exclusive events.

**Participants**

87 senior high potentials, 103 junior high potentials and a matched sample of 300 employees who were not identified as a high potential (i.e., non-high potentials) received the questionnaire. High potentials and non-high potentials were matched based on their current job level. 58 senior high potentials (66 per cent response rate), 70 junior high potentials (67 per cent response rate) and 75 non-high potentials (25 per cent response rate) actually participated in the study. 20 out of 128 high potentials worked primarily outside of Belgium, while all non-high potentials worked in Belgium. Demographic characteristics of all three groups are presented in Table 1.

[Insert Table 1 About Here]

**Procedure and measures**

We collected both archival data provided by an HR representative of the participating organization and self-report data. Self-report data was collected via an online questionnaire, distributed by the HR representative. We assured each individual that participation was anonymous and voluntary.

*An employee's (non-)identification as a high potential*. For this variable we relied on archival data. For each participant, the organization indicated whether the employee was

identified as a high potential or not (i.e., senior high potentials and junior high potentials versus non-high potentials). To keep the three groups separated, participants in each group received a separate electronic link to the questionnaire—the questionnaire itself was the same for everyone.

*Perceived organizational justice.* Our scale for measuring distributive and procedural justice perceptions was based on the scale by Loi *et al.* (2009) – we added specific mentions to talent management to the original items of perceived procedural justice and explicitly mentioned that statements of perceived distributive justice focused on 'outcomes that the person did or did not receive as a result of the talent management program' with accompanying examples such as training opportunities and career advancements. Participants had to rate their agreement with a series of statements on a 5-point Likert-type scale *(1 = strongly disagree to 5 = strongly agree)*. The scale consists of three items measuring perceived distributive justice ($\alpha$ = .95) (e.g., "My outcomes reflect the effort I have put into my work"), and seven items to measure perceived procedural justice ($\alpha$ = .77) (e.g., "The talent management procedures have been applied consistently").

*Job satisfaction*. Satisfaction with one's job was assessed using a 7-point Likert scale *(1 = strongly disagree to 7 = strongly agree)* with two items developed by Hackman and Oldham (1976) ($\alpha$ = .88), an example being "Generally speaking, I am very satisfied with my current job".

*Work effort*. Participants had to report their work effort by rating the 10-item Work Effort Scale (WESC) (De Cooman *et al.*, 2009) on a 7-point Likert scale *(1 = strongly disagree to 7 = strongly agree)* ($\alpha$ = .81). An example item was "I really do the best I can to achieve the objectives of the organization".

*Control variables.* As the different groups of participants were matched on job level only, we controlled for age, gender, tenure, education, and country in all analyses. A meta-

analyses on perceived organizational justice has highlighted the potential influence of these demographics in shaping employees' reactions to justice perceptions (Cohen-Charash and Spector, 2001).

**Data Analysis**

The data were analyzed in SPSS statistics 20, using the process tool of Hayes (2012), which allows for the estimation of moderated mediation models in a linear regression framework. In particular, we created two dummy variables to distinguish between junior high potentials, senior high potentials, and non-high potentials, with non-high potentials being the reference category. Subsequently, we performed separate moderated mediation analyses for job satisfaction and work effort. In both models, the moderation effect was tested by including an interaction effect between perceived procedural and distributive justice in the model (after grand-mean centering both predictor variables), whereas the mediation effect was tested using the product-of-coefficients approach (this is the product of the regression coefficients linking identification as a high potential to distributive justice on one hand and distributive justice to job satisfaction and work effort on the other hand). As these product-of-coefficients parameters are often not normally distributed, we used bootstrapping ($N$ = 5000 bootstrap samples) to test for their statistical significance (see Preacher and Hayes, 2008).

## Results

In a first analysis, we computed the means and standard deviations for the control variables, job satisfaction, work effort, and perceived distributive and procedural justice, as well as the correlations between these variables (see Table 1). To test whether the junior, senior, and non-high potentials differed in terms of their average level of job satisfaction, work effort, perceived distributive justice, we performed a series of ANOVAs. For job satisfaction ($F(2, 201) = 4.94$; $p$=.008), work effort ($F(2, 201) = 3.60$; $p$=.029), and perceived distributive justice ($F(2, 201) = 9.43$; $p$<.001) significant differences were found between the

three groups (i.e., junior, senior, and non-high potentials). To determine the exact location(s) of these differences, we conducted additional post-hoc (LSD) tests. In line with Hypothesis 1, no difference in job satisfaction was found between junior and senior high potentials ($p$=.202), while the job satisfaction of both junior ($p$=.061) and senior high potentials ($p$=.002) was significantly higher than that of non-high potentials (note that the difference is marginally significant for the junior high potentials). For work effort, senior high potentials scored significantly higher than non- ($p$=.015) and junior high potentials ($p$=.024), whereas no difference was found between junior and non-high potentials ($p$=.886). As such, Hypothesis 2 was supported for the senior but not for the junior high potentials. In line with Hypothesis 3, junior ($p$<.001) and senior high potentials ($p$<.001) showed a higher level of perceived distributive justice than non-high potentials but they did not significantly differed from each other ($p$=.976).

[Insert Table 2 About Here]

In a second analysis, we tested a moderated mediation model which included (1) the mediating effect of perceived distributive justice in the relationship between an employee's identification as a high potential and job satisfaction and work effort, as well as (2) the moderating effect of perceived procedural justice on the relationship between perceived distributive justice on one hand and job satisfaction and work effort on the other hand. As we performed separate moderated mediation analyses for job satisfaction and work effort, we will discuss the results for these two outcome variables separately.

Regarding job satisfaction, the results showed that the effect of an employee's identification as a high potential on job satisfaction was fully mediated by perceived distributive justice, which supports Hypothesis 4. In other words, the direct effect of being identified as a senior high potential (β=.38; $p$=.089) or a junior high potential (β=.07; $p$=.714) on job satisfaction became marginally and non-significant respectively when we accounted

for the indirect effect through perceived distributive justice. In particular, both senior high potentials (β=.49; *p*=.005) and junior high potentials (β=.27; *p*=.082) scored significantly higher on perceived distributive justice than non-high potentials (note that the difference is marginally significant for the junior high potentials), and perceived distributive justice was significantly related to job satisfaction (β=.60; *p*<.001). The combination of these two significant relationships resulted in significant indirect relationships for both senior high potentials (β=.29; 95% CI = (.08 - .58)) and junior high potentials (β=.16; 90% CI = (.02 - .34)). Hypothesis 6, in turn, could not be supported as the moderating effect of perceived procedural justice on the relationship between perceived distributive justice and job satisfaction was not significant (β=.11; *p*=.440).

For work effort, the picture is more complicated as the mediation effect (Hypothesis 5) depends on the level of the moderator. When perceived procedural justice is average—note that we mean-centered the predictors—perceived distributive justice does not mediate between an employee's identification as a high potential and work effort. However, when perceived procedural justice is low or high, the mediating effect appears. In particular, identical to the previous analysis, both senior high (β=.49; *p*=.005) and junior high potentials (β=.27; *p*=.082) scored significantly higher on perceived distributive justice than non-high potentials (note that the difference is marginally significant for the junior high potentials). However, the main effect of perceived distributive justice was unrelated to work effort (β=.01; *p*=.874) whereas the interaction between perceived distributive and perceived procedural justice was significant (β=.15; *p*=.014) (Hypothesis 7). This implies that the effect of perceived distributive justice depends on the level of perceived procedural justice. To further understand this interaction effect, we probed for significance (Aiken and West, 1991). This probing revealed that the relationship between perceived distributive justice and work effort becomes significantly negative when perceived procedural justice is .74 SD below the mean

and significantly positive when perceived procedural justice exceeds the mean value with 1.59 SD. A simple slopes plot (with -1SD and +1SD as low and high) indeed shows that the relationship between perceived distributive justice and work effort reverses as a function of perceived procedural justice (see Figure 2). As a consequence, perceived distributive justice mediates the relationship between an employee's identification as a high potential and work effort, but only when perceived procedural justice is low or (very) high. Moreover, the direct effect of senior high potential (β=.13; *p*=.175), and junior high potential on work effort is fully mediated (β=.09; *p*=.285).

[Insert Figure 2 About Here]

## Discussion

The aim of the present study was to contribute to a better understanding of the psychological processes that link high potential identification to employee outcomes. We found that high potentials and non-high potentials responded differently to workforce differentiation practices and that these reactions were affected by the way people perceived them. By doing so, we added to the understanding of the social exchange relationships that are set into motion by implementing workforce differentiation. At this point, our results also revealed that such social exchanges should not be regarded as an 'objective process' (see also Masterson *et al.*, 2000), but rather a subjective one that in the case of workforce differentiation is lead by perceptions of distributive and procedural justice. By using archival data as an objective antecedent (i.e., an employee's (non-)identification as a high potential) of these subjective perceptions, we were also able to lower the risk for common method bias, which is not possible when using self-reported high potential identification (see Björkman *et al.,* 2013). In particular, the relationship between (non-)identification and the employee outcomes could not be due to the fact that the employee believed that he or she would be in

the (non-)high potential group because of his or her high (low) work effort and job satisfaction.

Further, our results showed that perceived distributive justice mediated the relationship between the identification as a high potential and job satisfaction as well as work effort. Employees who were identified as a high potential perceived higher distributive justice than employees who were not. Nevertheless, we noticed dissimilarities in the differences between junior and non-high potentials and between senior and non-high potentials. Although the effects were in the same direction, the difference between the junior and non-potentials was only marginally significant while the difference between the senior and non-potentials was clearly statistically significant. This difference might be due to the fact that senior high potentials get a stronger recognition of their potential as they receive a higher status than junior potentials. Moreover, senior potentials can also attend more and higher level training programs and they receive more resources. Consequently, it might be that perceived distributive justice is not only affected by the high potential label itself, but also by the amount and type of resources that follow. As our study does not allow disentangling the effects of identification and development activities, future research may do so by means of experimental studies.

We found that the feelings of distributive justice among our respondents were related to job satisfaction and work effort. Moreover, the mediating effect of perceived distributive justice on job satisfaction was not moderated by perceived procedural justice, while we did find a moderated mediation for work effort. In particular, people who report high perceived distributive justice put more effort in their work when they perceive the workforce differentiation procedures to be fair, and less effort when they perceive them to be unfair. A possible explanation for this differential effect can be found in the two-factor model by McFarlin and Sweeney (1992) which posits that outcomes in favor of the organization (e.g.,

work effort) are more influenced by procedural justice, while more personal outcomes (e.g., job satisfaction) that are closely linked to positive emotions are primarily driven by favorable distributive justice perceptions.

**Limitations and Directions for Further Research**

First, although high potentials and non-high potentials clearly differed in their perceptions of distributive justice and its associated outcomes, our data do not show whether this difference is due to an increase in outcomes among high potentials or rather to a decrease of these outcomes among non-high potentials. In a similar vein, it might be argued that hypotheses 1 and 2 might suffer from reversed causality problems. The elevated levels of job satisfaction and work effort for the high potential groups might have been the cause, rather than the consequence of their identification. However, in the organization that we studied, the identification of a high potential is based on various indicators (i.e., potential, involvement, and performance), which implies that work effort is only one, indirect (because of its relationship with performance) element among the many criteria. Moreover, research on the effects of feedback has shown that positive feedback has a strong positive impact on employees' behaviors and attitudes (Avolio *et al.,* 2009). We therefore believe that there is also a directional effect from being identified as a high potential (which is a kind of positive feedback) to job satisfaction and work effort. Nonetheless, examining the causality of these effects is certainly an avenue for further research and longitudinal studies are needed to settle this issue.

Second, while we lowered the risk for common method bias by using archival data, we would have done well to also measure the justice and outcome variables at two different moments in time. However, closer inspection of the correlations between the study variables revealed that the lowest correlation is -.02 (i.e., the correlation between perceived distributive

justice and work effort). According to Lindell and Whitney (2001), this correlation reflects the degree of common method bias, which implies that this is very low in our data.

Third, the response rate for non-high potentials was only 25 per cent, while for senior and junior high potentials response rates were 66 and 67 per cent respectively. We expect this difference to be mainly caused by the fact that senior and junior high potentials are more familiar with the topic and are therefore more inclined to answer the survey questions. Moreover, interests from researchers in the high potentials may be considered as additional attention to their situation, thus supporting their higher level status.

Finally, we notice a potential lack of generalizability of the findings across organizations and therefore want to speculate on the differential effects of various implementation strategies or varying organizational characteristics. First of all, in this particular case study, only 1% of the workforce is identified as having potential. We suggest that employee reactions can differ depending on the degree of exclusiveness of being a member of the potential group. On one hand, we reason that the higher the exclusivity of the high potential group—for instance only 2% of the total workforce—the more employees would want to be a part of this exclusive group, but will experience unfairness as they are not allowed into this group. On the other hand, one could argue that when the high potential group is highly exclusive, an employee could consider it as less unfair as they might reason that the majority of employees are not a member of that group and, therefore, the selection criteria and related job demands must be very high. Future research could explore the impact of differential degrees of exclusivity on justice perceptions. Our study already suggests that a highly exclusive high potential group relates to differential distributive justice perceptions. Second, all high potentials received the communication that they were identified and all non-high potentials knew that they were not identified. Typically, however, organizations are more secretive about their talent management program (Dries, 2009). Studies could be conducted to

see how the impact of talent management on employees changes according to the openness of the talent management program. On a related note, we point out that the nature of the communicated message may influence employees' reactions. In this particular organization, high potentials receive the message that their label entails heightened expectancies and job demands. This communication could be crucial in triggering an employee's work effort. Especially, when organizations want to avoid the possible effect of the crown-prince syndrome, i.e., high potentials who become arrogant and complacent (Göbel-Kobialka, 1998). Interesting insights could be gathered by exploring the impact of what is communicated, but also when and by whom. Third, the justice literature has pointed out that employees' perceptions can be influenced by organizational culture, for instance by power distance (i.e., "the extent to which the members of a society accept that power in institutions and organizations is distributed unequally"; Hofstede, 1985: 347) (Brockner *et al.,* 2001). Belgium is said to have a rather large power distance (Hofstede, 1985) and we expect therefore Belgians to be more tolerant for unequal allocations of resources than countries with a lower power distance. Overall, multilevel studies could provide us with the necessary insights on the influence of differential implementation strategies at the level of the organization on employees' justice perceptions.

**Practical Recommendations**

From the macro perspective, Stahl *et al.* (2012) have already emphasized the importance of having multiple levels of fit to increase the effectiveness of talent management practices, that is, aligning it with other HR practices (i.e., internal fit), linking it to the business strategy (i.e., strategic fit), and embedding it in the value system and leadership philosophy of the organization (i.e., cultural fit). From the micro perspective, we encourage organizations to focus on creating fair procedures, particularly in heightening work effort. On one hand, organizations should increase the fairness of procedures by considering the six rules

of Leventhal (1980), namely, being consistent over time and across persons; avoiding personal self-interest; making the procedures grounded in correct information (e.g., use valid selection tools); providing the possibility to be changed when diagnosed as unfair; representing the interests of all parties (i.e., a shared consensus among different parties); and considering moral and ethical values. On the other hand, an organization might also benefit from involving employees in the process of implementing workforce differentiation. Employees perceive more justice and are more satisfied when they are granted a certain degree of voice (e.g., Cawley *et al.*, 1998). Furthermore, explaining the reasons and giving the explicit criteria for identifying someone as a high potential or not could not only trigger high potentials in showing more work effort, but could also increase justice perceptions among the non-high potentials. Giving clarification reduces the odds of employees creating their own alternative story for their (non-)identification as a high potential (Folger, 1986, Shaw *et al.,* 2003).

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*Table 1. Sample demographics.*

| | Junior high potentials | Senior high potentials | Non-high potentials |
|---|---|---|---|
| *Gender* | | | |
| Male (%) | 49 (70.0) | 43 (74.1) | 34 (44.7) |
| Female (%) | 21 (30.0) | 15 (25.9) | 42 (55.3) |
| *Age* | | | |
| Minimum | 25 | 29 | 20 |
| Maximum | 37 | 43 | 52 |
| Mean (SD) | 29.70 (2.94) | 36.50 (3.33) | 35.96 (8.40) |
| *Tenure* | | | |
| Minimum | 3 | 3 | 1 |
| Maximum | 19 | 22 | 34 |
| Mean (SD) | 8.51 (3.53) | 13.67 (4.53) | 14.26 (9.36) |
| *Education* | | | |
| Bachelor degree (%) | 4 (5.7) | 3 (5.2) | 34 (44.7) |
| Master degree (%) | 66 (94.3) | 55 (94.8) | 42 (55.3) |

*Table 2. Means, standard deviations and correlations for all study variables.*

| | Junior high potentials | Senior high potentials | Non-high potentials | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mean *(SD)* | Mean (*SD)* | Mean *(SD)* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1. Gender (0=Male; 1=Female) | .30 (.46) | .26 (.44) | .55 (.50) | / | | | | | | | | |
| 2. Age | 29.70 (2.94) | 36.50 (3.33) | 35.96 (8.40) | -.05 | / | | | | | | | |
| 3. Tenure | 8.51 (3.53) | 13.67 (4.53) | 14.26 (9.36) | -.14* | .80** | / | | | | | | |
| 4. Education (0=Bach.; 1=Master) | .94 (.23) | .95 (.22) | .55 (.50) | -.05 | -.38** | -.42** | / | | | | | |
| 5. Country (0=Belgium; 1=Other) | .04 (.20) | .28 (.45) | 0.00 (.00) | .03 | .04 | -.13 | .08 | / | | | | |
| 6. Perceived distributive justice | 3.74 (.80) | 3.75 (.80) | 3.25 (.78) | -.09 | -.27** | -.27** | .22** | .10 | *.95* | | | |
| 7. Perceived procedural justice | 3.26 (.48) | 3.29 (.54) | 2.88 (.56) | -.14* | -.23** | -.23** | .25** | .23** | .54** | *.77* | | |
| 8. Job satisfaction | 5.58 (1.15) | 5.83 (.82) | 5.24 (1.22) | -.05 | -.13 | -.09 | .08 | .11 | .46** | .36** | *.88* | |
| 9. Work effort | 6.07 (.44) | 6.25 (.42) | 6.06 (.47) | -.04 | .23** | .21** | .03 | .08 | -.02 | .08 | .16* | *.81* |

*Notes.* Alpha coefficients are displayed on the diagonal and shown in italic. For the job satisfaction scale, we report a correlation coefficient as it consists of only two items.
**$p$<.01; *$p$<.05

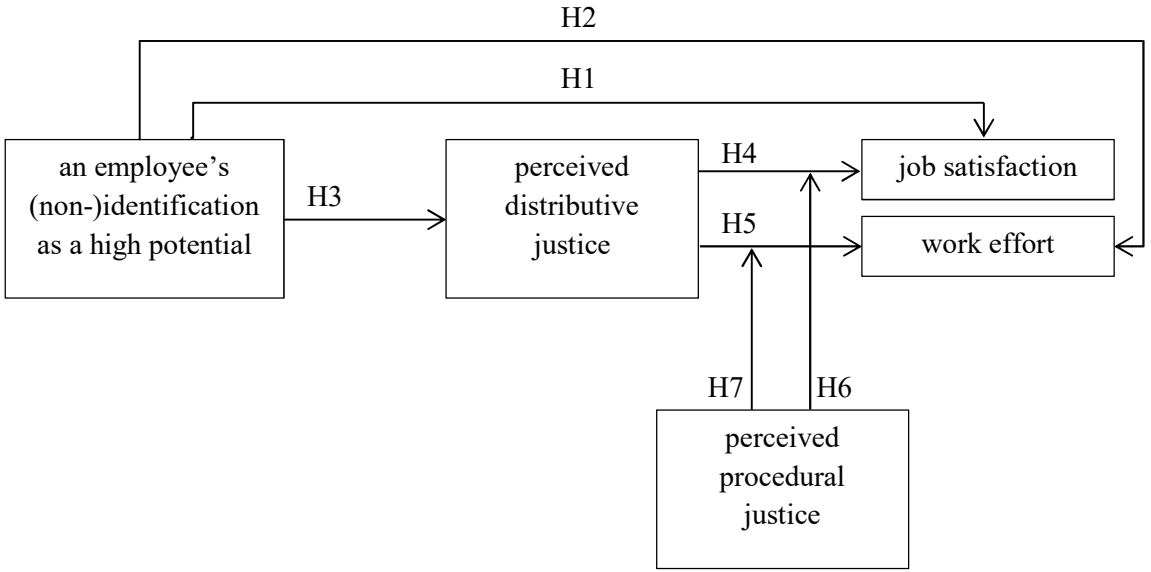


*Figure 1. Perceived organizational justice in the link between an employee's identification as a high potential (or not), job satisfaction, and work effort.*

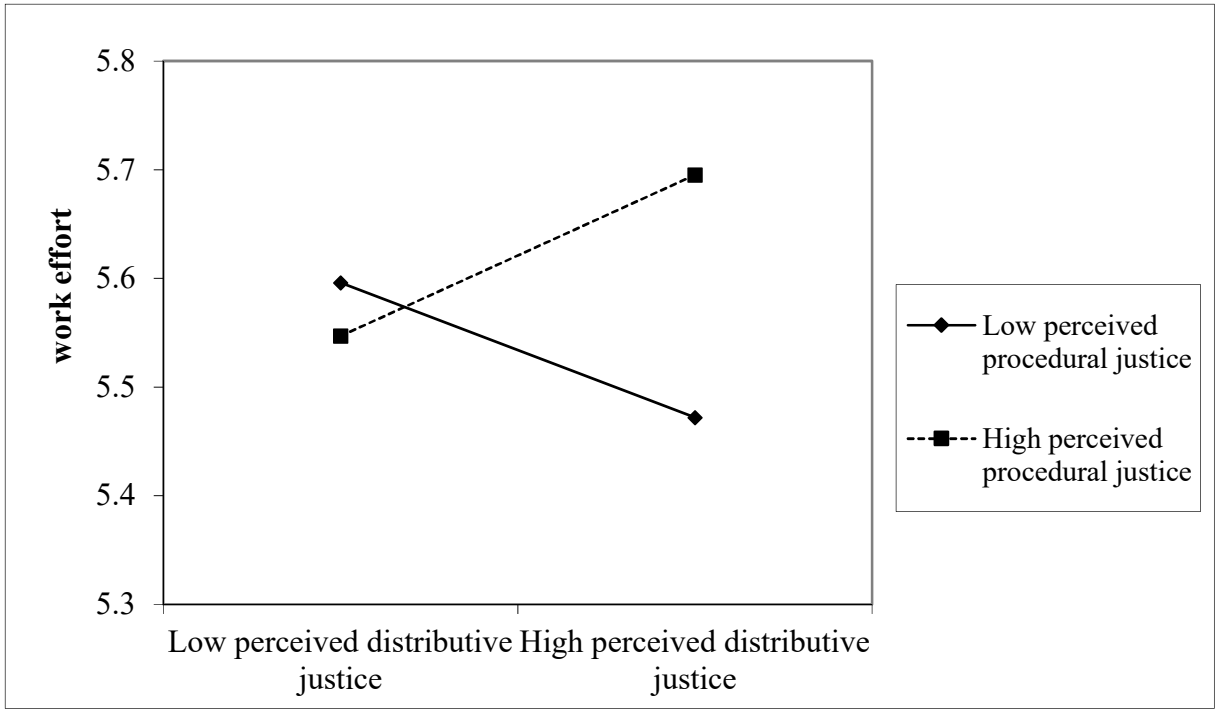


*Figure 2. Simple slope plot of the interaction effect between perceived procedural and perceived distributive justice on work effort (effects are shown for -1SD and +1SD)*